

Message Text

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ACTION NEA-09

INFO OCT-01 AF-06 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-01

INR-07 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02

SS-15 USIA-06 AID-05 EB-07 CIEP-01 STR-01 OMB-01

CEA-01 COME-00 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01

AGR-05 TRSY-02 FEA-01 SAJ-01 ACDA-05 /115 W

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P R 221500Z JAN 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC PRIORITY 6455

INFO AMEMBASSY COLOMBO

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMEMBASSY LONDON

AMEMBASSY PORT LOUIS

AMEMBASSY TEHRAN

CINCPAC

C O N F I D E N T I A L NEW DELHI 1042

E. O. 11652: NGDS

TAGS: PINT, PFOR, US, IN

SUBJECT: INDIA IN 1974 - BAD, BUT UNDER CONTROL

1. 1974 WAS NOT ONE OF INDIA'S BETTER YEARS, OR MRS. GANDHI'S BUT OUR OVERALL ASSESSMENT IS THAT IT COULD HAVE BEEN A LOT WORSE. FAILURE TO IMPELEMENT MOST OF THE ELECTION PROMISES SHE MADE IN 1971, UNSATISFACTORY RESULTS FROM SEVERAL OF THOSE SHE HAD CARRIED OUT, CONTINUING INFLATION, GENERAL ECONOMIC STAGNATION, MAJOR STRIKES, AND A BAD CROP YEAR ALL INCREASED POLITICAL PRESSURES ON AND CRITICISM OF THE PRIME MINISTER HERSELF. THE POLITICAL OPPOSITION FOUND A POPULAR LEADER IN JAYAPRAKASH NARAYAN, WHO SEIZED ON THE REAL WEAKNESSES OF THE CONGRESS PARTY AND MRS. GANDHI, AND THREATENED TO GROW INTO A GENUINE POTENTIAL POLITICAL

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THREAT TO THEIR POWER. PARLIAMENT WAS STRANGLED BY CONTRO-

VERSY AND WRANGLING OVER OPPOSITION CORRUPTION CHARGES, AND WHILE THE PARLIAMENTARY OPPOSITION WAS NOT ABLE TO DFEAT THE GOVERNMENT, IT WAS SUCCESSFUL IN TARNISHING ITS IMAGE. THERE WERE SHARP CHALLENGES TO ELECTED LEGISLATURES IN SEVERAL STATES FROM STREET VIOLENCE AND POPULIST MOVEMENTS, AND GROWING CYNICISM ABOUT DEMOCRATIC INSTITUTIONS AMONG MANY INDIANS.

2. AND YET, BY THE END OF THE YEAR, ALTHOUGH ONE COULD NOT SPEAK OF A CORNER HAVING BEEN TURNED, THE GOVERNMENT DID APPEAR, AT LEAST, TO HAVE THE SITUATION UNDER SOME CONTROL AND PROJECTED SOME SENSE OF MOVEMENT AND INTENTION. WHERE THERE WAS A THREAT TO DOMESTIC ORDER THE GOVERNMENT DID NOT HESITATE TO USE ITS AUGMENTED LEGAL AUTHORITY AND EXPANDED PARA-MILITARY POLICE FORCES TO ENFORCE PEACE. THE OPPOSITION RENEWED ITS SQUABBLING; (ALTHOUGH MANAGING TO MAKE COMMON-CAUSE IN SOME BY-ELECTIONS), J. P. NARAYAN'S MOVEMENT SEEMED TO HAVE HIT A PLATEAU FOR THE TIME BEING; MRS. GANDHI AND THE NEW CONGRESS PARTY PRESIDENT WERE ACTIVELY ATTEMPTING TO GINGER UP THEIR PARTY; PRICES HAD STABILIZED BY YEAR'S END EVEN IF AT A LEVEL 18 PERCENT HIGHER THAN A YEAR EARLIER; THE WINTER CROP PROSPECT LOOKED GOOD; AND THE MOOD OF GLOOM AND PESSIMISM IN THE CAPITAL HAD WANED. THERE WERE SIGNS OF GREATER "PRAGMATISM" IN ECONOMICS AND FAR FEWER REFERENCES TO IDEOLOGICAL SLOGANS. INDIA WENT TO THE IMF AND GOT FUNDS TO PAY FOR OIL AND MASSIVE OFF-SHORE GRAIN PURCHASES. THE PNE WON ALMOST UNIVERSAL DOMESTIC APPROBATION. MRS. GANDHI RESTRUCTURED HER CABINET, USING THE SAME FACES, BUT IN A SIGNIFICANTLY DIFFERENT AND MORE "PRAGMATIC" CONFIGURATION. AGAIN INDIA DEMONSTRATED ITS ABSORPTIVE CAPACITY AND RESILIENCE IN THE FACE OF ADVERSITY AND THE ABILITY OF THE GOVERNMENT TO MANAGE CRISES AND RECOIL FROM THE BRINK. 1975 IS CERTAIN TO HAVE ITS SHARE OF NEW POTENTIAL CRISES -- FOOD, POSSIBLE ELECTIONS, DOMESTIC DISORDERS, STRIKES AND CONTINUING, GRAVE STRAINS CAUSED BY BALANCE OF PAYMENTS PRESSURES --WHICH WILL FURTHER TEST THE POPULARITY OF MRS. GANDHI AND THE STRENGTH OF CONGRESS PARTY RULE, AND PROBABLY CONTINUE TO SLOWLY EAT AWAY AT IT, BUT WHICH WE EXPECT THE COUNTRY, THE POLITICAL SYSTEM, THE CONGRESS PARTY AND ALMOST CERTAINLY THE PRIME MINISTER, WILL CONTINUE TO WEATHER DESPITE THE FEAR OF DOOMSAYERS.

3. FOREIGN POLICY WAS A RELATIVELY MINOR FOCUS OF INDIAN
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GOVERNMENT ATTENTION IN 1974 AND THERE WAS NO ACTIVE THREAT TO INDIA'S SECURITY. RELATIONS WITH THE SOVIETS COOLED A BIT, THOSE WITH THE CHINESE STAYED ICY, AND WITH THE U. S. TURNED WARMER. BUT INDIA'S PRIMARY FOCUS WAS ON WOOLING THE OIL-PRODUCERS, SEEKING FAVORABLE TERMS FOR PETROLEUM SUPPLIES, LONG-TERM CREDITS AND INVESTMENT CAPITAL. ASIDE FROM IRAQ AND IRAN, IT HAD LITTLE SUCCESS ALTHOUGH PROSPECTS FOR THE FUTURE APPEARED TO BE IMPROVING GRADUALLY. RELATIONS WITH

PAKISTAN MOVED FORWARD STEADILY, BUT TOWARD A PLATEAU
PROBABLY SUSCEPTIBLE OF ONLY MINOR IMPROVEMENT EXCEPT FOR
THE FORMALITY OF REESTABLISHMENT OF DIPLOMATIC RELATIONS.
INDO-BANGLADESH TIES COOLED MARKEDLY ALTHOUGH BOTH WERE CAREFUL
ABOUT APPEARANCES, AND INDIA'S RELATIONS WITH NEPAL WERE QUIET-
LY GOING THROUGH ONE OF THEIR PERIODIC MINI-CRISES AT THE END
OF THE YEAR. FOR MOST INDIANS, FOREIGN POLICY CONTINUES TO BE OF
LITTLE RELEVANCE EXCEPT DURING THE DRAMATIC FLAREUPS ON THE
SUBCONTINENT ITSELF OR WHEN POLITICIANS TURN TO "OUTSIDE
ELEMENTS" AS SCAPEGOATS FOR DOMESTIC ILLS. 1974 SAW LITTLE OF
THIS LATTER ACTIVITY (AT LEAST BY INDIA STANDARDS), ALTHOUGH
IT REMAINED A POTENTIAL POLITICAL INSTRUMENT TO BE WIELDED AS
OCCASION REQUIRED.
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